

Message Text

LIMITED OFFICIAL USE

PAGE 01 ADDIS 09664 121223Z

43

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

OPIC-03 /092 W

----- 038129

R 120601Z AUG 75

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 5853

LIMITED OFFICIAL USE ADDIS ABABA 9664

E.O. 11652: N/A

TAGS: EFIN EIND EINV

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 165596/1

1. BEGIN LOU. AN UNCLASSIFIED STATEMENT ON ETHIOPIA'S INVESTMENT CLIMATE FOLLOWS IN PARA 2. IT IS VERY GENERAL AND DOES NOT TREAT ALL OF THE POINTS RAISED IN REFTEL BECAUSE OF THE VERY FLUID ECONOMIC SITUATION WHICH CURRENTLY PREVAILS IN ETHIOPIA. THE EMBASSY RECOMMENDS THAT STATISTICS ON FOREIGN PRIVATE DISRECT INVESTMENT COLLECTED BY THE EMBASSY NOT REPEAT NOT BE PUBLISHED THIS YEAR AS THE INTENTIONS OF THE EPMG REGARDING COMPENSATION ARE NOT YET KNOWN AND IT IS LIKELY THAT AMERICAN FIRMS WILL BE ENGAGED IN SOME HARD BARGAINING WITH THE EPMG IN THE NEAR FUTURE. ONE OF THE ISSUES WILL ALMOST CERTAINLY BE THE VALUE OF THE ASSETS HELD BY AMERICAN FIRMS AND EMBASSY ESTIMATES COULD BE USED TO LEND AUTHORITY TO POSITIONS TAKEN BY ONE SIDE OR THE OTHER. SHOULD THE DEPARTMENT NEVERTHELESS WISH TO PUBLISH THESE ESTIMATES THE MOST RECENT ONES AVAILABLE ARE CONTAINED IN ADDIS A-15 OF JANUARY 29, 1975. ESTIMATES OF INVESTMENTS BY OTHER COUNTRIES IN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ADDIS 09664 121223Z

ETHIOPIA REMAIN AS REPORTED IN 1974. END LOU.

2. BEGIN UNCLASSIFIED. ETHIOPIA IS IN THE MIST OF FAR-REACHING POLITICAL, SOCIAL AND ECONOMIC CHANGE. THE NEW GOVERNMENT, HEADED BY THE PROVISIONAL MILITARY ADMINISTRATIVE COUNCIL, HAS PROMULGATED ITS BASIC POLICIES IN THE ECONOMIC AND SOCIAL FIELDS DURING THE PAST SIX MONTHS AND HAS STARTED TO IMPLEMENT THEM. THE AVOWED PURPOSE OF THESE POLICIES IS TO REPLACE THE LAISSEZ-FAIRE POLICY OF THE PREVIOUS REGIME WITH A SOCIALISTIC SYSTEM. AS A RESULT, THE GOVERNMENT HAS NATIONALIZED MOST LARGE FOREIGN INVESTMENTS, EITHER WHOLLY OR AT LEAST 51 PERCENT, AS WELL AS ALL LAND, BOTH RURAL AND URBAN. THE ETHIOPIAN GOVERNMENT HAS PROMISED FAIR COMPENSATION TO ALL NATIONALIZED ASSETS AND DETAILS OF THE COMPENSATION PLAN ARE BEING FORMULATED. SEVERAL US PRIVATE INVESTMENTS WERE INCLUDED AMONG THOSE TAKEN OVER. THESE FIRMS ARE AWAITING THE ANNOUNCEMENT OF THE COMPENSATION POLICY AFTER WHICH NETOTIATIONS TO OBTAIN SATISFACTORY SETTLEMENTS WILL PRESUMABLY BEGIN.

3. THE ETHIOPIAN GOVERNMENT STATES THAT IT IS DEEPLY INTERESTED IN ATTRACTING FOREIGN INVESTMENT AND HAS DESIGNATED CERTAIN ACTIVITIES WHICH WILL REMAIN OPEN TO THE PRIVATE SECTOR. THESE ACTIVITIES WILL BE SUBJECT TO GOVERNMENT CONTROL AND MAY ALSO INVOLVE GOVERNMENT PARTICIPATION AS MINORITY PARTNERS. THEY INCLUDE IMPORT-EXPORT TRADE, RETAIL AND WHOLESALE TRADE, HOTELS, AND MINERAL EXPLORATION. THE PREVIOUS ETHIOPIAN INVESTMENT CODE HAS NOT BEEN FORMALLY RESCINDED BUT IT WILL CERTAINLY HAVE TO BE REVISED TO REFLECT THE NEW REALITIES.

4. THERE HAS BEEN ALMOST NO NEW PRIVATE INVESTMENT DURING THE PAST SIX MONTHS. BOTH ETHIOPIAN AND FOREIGN FIRMS WHICH WERE CONSIDERING INVESTMENTS OR EXPANSION HAVE FOR THE MOST PART HELD OFF PENDING FURTHER CLARIFICATION OF THE GOVERNMENT'S INTENTIONS. IT WILL TAKE A MAJOR EFFORT ON THE PART OF THE GOVERNMENT TO REBUILD INVESTOR CONFIDENCE. IN THE LONG RUN, OPPORTUNITIES FOR FOREIGN INVESTORS AS MINORITY (OR EVEN MAJORITY) PARTNERS WITH THE ETHIOPIAN GOVERNMENT IN MAJOR PROJECTS MAY MATERIALIZE, BUT FOR THE PRESENT SUCH VENTURES APPEAR HIGHLY UNLIKELY. END UNCLASSIFIED.

HUMMEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT CLIMATE, FOREIGN INVESTMENTS, INVESTMENT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ADDIS09664
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750278-0143
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750858/aaaabyux.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 165596
Review Action: RELEASED, APPROVED
Review Authority: woolflhd
Review Comment: n/a
Review Content Flags:
Review Date: 25 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 AUG 2003 by ShawDG>; APPROVED <17 DEC 2003 by woolflhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT CLIMATE AND STATISTICS
TAGS: EFIN, EIND, EINV
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006